



BIG MOUNTAIN SEWER DISTRICT

PO Box 1252
Whitefish, Montana 59937

Board of Directors Meeting January 21, 2020 9:00 am Northern Lights Conference Room, Kandahar Lodge

1. CALL TO ORDER

Meeting was called to order at 9:04 am. Board members present were Bob Lund, Dave Ruoff, Sandie Carpenter, Bob Riso, Brad Kincaid, along with Jason Hanchett/Maintenance Manager, and Leslie Bales/Administrative Manager. Also present were Paul Montgomery, Craig Workman, Gail Goodwin, Andy Evenson, Joe Bushong, Paul Halpin, Catherine Halpin, Bill Kerhle, Will Edson, Mrs. Edson, Jack, and Tyler Frank.

2. INTRODUCTIONS

Lund introduced Paul Montgomery from Anderson-Montgomery, and Craig Workman, Public Works Director for the City of Whitefish.

3. PUBLIC COMMENT

BMSD President Lund informed the visitors that BMSD's biggest expense is wastewater which is sent to the City of Whitefish for treatment. BMSD's engineer Montgomery and Maintenance Manager Hanchett have been working on the inflow and infiltration project. Lund shared the main project is to get after the leakage (Inflow & Infiltration) and fix the problems. Montgomery gave an outline of the project, study, and what the plans are to fix the system. Montgomery continued the plan is to insert an epoxy sock inside pipes that will eliminate water leaking **into** pipes through cracks, joints, root intrusions, etc. This does not address any infiltration that may be coming in through service lines, but will address the mains. Montgomery stated this is a less expensive and reasonably effective solution, adding they have used this method in City of Whitefish and it has been measurably successful. BMSD has also been tasked with looking for inflow – such as a manhole located in puddle or low area which can introduce upwards of 10k per day.

Lund shared BMSD consists of over 700 properties, with some having several owners so probably over 1000 property owners. The developer does the work, puts it into the ground, and then donates it to BMSD. BMSD has approximately 3 million worth of donated infrastructure that BMSD is now responsible for. Paul Halpin asked about adopting standards that would protect BMSD, Lund replied that is why Craig Workman is here, as City of Whitefish standards are higher than BMSD and we will vote on adopting the same standards today. Ruoff clarified that we have standards, but we are looking to increase our standards. Halpin asked if we have a 10-year financial model, looking at the cost of these projects. Kincaid reported the projected inflow is costing BMSD about \$100,000 annually, and if the project is \$500,000 this would be a five-year payback to BMSD. Those present thanked the Board for their explanations.

4. PRESENTATIONS

A. a. Grant applications for water infiltration

Montgomery reported there are grants which must be applied for by January 31, and the spring of 2020 which then cannot be applied for again for two years. This will be a very short timeline, but feels it would be worth applying.

Montgomery continued there are two types of grants – planning and infrastructure/construction:

- Planning - MT Dept. of Commerce (MDoC) for a \$15,000 Treasure State Endowment Program (TSEP), and \$15,000; and 2. \$15,000 MT Dept of Natural Resources (DNOC) grant. If successful BMSD could get \$30,000 to pay for the preliminary engineering report. The planning grants can be used to prepare a Preliminary Engineering Report that is necessary to submit with a TSEP application.
- Infrastructure/Construction grants – 1. MT Dept of Natural Resources Renewable Resources (RRGL) grant for up to \$125,000 with no match required. Application spring 2020, with grants assessed on the natural resources benefit sharing that I&I projects do fairly well in this program. 2. TSEP construction grant can pay for 50% of project costs up to \$750,000 depending upon economic need. Montgomery went through the TSEP target rate analysis, stating grants are determined on user ability to pay and BMSD could conceivably be eligible for \$500,000. Applications are reviewed by 2020 legislature, then available summer/fall 2021. The cost for preparing the TSEP grant application is typically \$20,000 to \$22,000, sharing the first thing to do is to determine the median household income for BMSD to figure out what size TSEP grant BMSD would be eligible for and to determine whether making application is worth the cost.

Craig Workman, Public Works Director for City of Whitefish said Whitefish has been applying for these grants and has a pretty long success rate with both grants, adding TSEP is the more lucrative of the two project grants as DNOC grants only go up to \$125. Whitefish has used grants for sewer lining to reduce inflow into sewer system. Workman recommended considering applying for the grants. Montgomery clarified TSEP is dollar for dollar, if BMSD gets \$500,000 must expense \$500,000. Lund replied BMSD would have funds available to utilize for matching. Discussion followed. Montgomery stated there is also a SRF loan (low interest) which can be used for matching loans at 2.5 – 3% interest with 20-year maturity.

Ruoff made motion to apply for all said grants, both the planning grants, and the infrastructure/construction grants, and to fund the application process; second by Riso. Motion carried unanimously.

A. b. Adopting Whitefish engineering standards

Ruoff made motion to adopt engineering standards of City of Whitefish for BMSD; second by Sandie Carpenter. Discussion followed. Ruoff amended his original motion to “adopt the sanitary sewer engineering standards of City of Whitefish”, amendment accepted by Carpenter, who seconded the motion. Amendment passed unanimously. Discussion followed regarding 8” main versus 6” and 4” mains. Ruoff asked about

standards for backfill – Craig stated they are specific, and backfill standards are included in the sanitary sewer standards. Discussion continued regarding sealing joints, distance between joints, sealing manholes with Workman stating these standards are all included in the sanitary sewer standards. Hanchett commented this would be a good step in the right direction for our district. Workman stated engineer must certify, inspect, pressure test, etc. prior to the district accepting the infrastructure. Discussion of inspection process followed. Lund shared due to our interlocal agreement with Whitefish, we are obligated to keep our standards at the same level as City of Whitefish. Motion carried unanimously.

A. d. Further investigation to identify sites of water intrusion –

Hanchett reported they began tv camera inspections documented by Montgomery's I&I study last fall. Montgomery has submitted a proposal to assist getting a company to review the tapes and assure the targeted pipes are the correct pipes to be lined. Ruoff made motion to continue with Montgomery and his company (Anderson/Montgomery) for clarification and correction of water infiltration and inflow, second by Riso. Motion carried unanimously. Ruoff asked if we have an early spring does that move up the time frame? Montgomery yes, we will watch the flow and then get the cameras in the ground. Bales will reach out to Big Mountain Water Company for monthly flow meter readings.

A. c. Discussion of non-conforming lateral main extensions:

- 3864 Gelande Street

Ruoff explained that per Gebhart, attorney the district is really not allowed to give deviations/exceptions to the rules. Montgomery commented he looked at the flow as requested, and engineering statistics for the request. Montgomery stated the line that serves property has capacity to handle the peak flow for these cabins. Ongoing maintenance is questionable where all lines come together under cabin #3 and then takes sewage out to the manhole on Gelande St. Montgomery continued regarding the 4" x 4" cross connection limits the ability to check the line in event of plug is hampered by the existence of that cross. The likelihood of a plug is increased due to that it is a cross instead of a Y, and it may push up into the adjoining line. The way the lines are configured will make it difficult to clear the plug. The capacity is there, but there is concern for ongoing maintenance. Montgomery continued the proposed manhole would allow the line to be jetted from the downside and reduce the risk of blowing sewage up the sinks and drains in those cabins. Montgomery added he had no comment on the legality of the deviation, he was looking at flow capacities. Ruoff reported ordinances requiring separate service lines unless one building is behind another were adopted in 2015, and stated Gebhardt says we must follow Whitefish regs due to our interlocal agreement with Whitefish. Workman stated the engineering standards just adopted state each owner must have separate laterals for each property owner, and if buildings can be owned separately must have separate laterals. Edson's engineer, Evenson stated DEQ considers 8" as main but with the DEQ deviation approved technically each cabin does have a 4" gravity main. Evenson continued DEQ considers this a main with cabin 2 and 3 having vertical lateral's and cabin 1 and 4 having regular laterals. Evenson continued mains

under buildings are not typical, but not disallowed. DEQ granted a deviation for the 6" under the cabins to be 4", then connecting to a 6" which then connects to the 8" in the street. TV inspection of the 6" line has been sent to Hanchett for review. Evenson reported the line was in good shape with no breaks. Evenson continued they are adding the 8" manhole in Gelande to bring everything up to the standards approved/ recommended by DEQ, and are requesting the will serve letter to complete the DEQ requirements. Discussion followed. Ruoff asked does this all become part of BMSD? Evenson proposed having an agreement keeping all future maintenance, liability, and upkeep on the 4" and 6" lines as the responsibility of the HOA, adding that he sees this as a benefit to BMSD with all costs to be born by HOA – not BMSD. Kincaid asked if this includes the manhole? Evenson clarified from manhole all the way in, with the manhole wrapped per Whitefish standards. Evenson was asked if these cabins can be sold individually, and Edson replied yes, they are planning to condo and sell them individual. The HOA is setup and will be recorded with the land before any of the cabins are sold. Lund asked why it was not done as four separate hookups initially? Edson stated that was the contractor at that time. Hanchett stated three years ago this was looked at as one owner – one hookup. Discussion continued. Workman stated condo status of this property would help as the condo owner only owns the structure, not the land. The HOA owns land and infrastructure and this would take care of it. Discussion continued. Workman reported Whitefish runs into this quite often. Halpin asked if they could be forced to make this comply. Discussion continued regarding conforming, normal, lines serving more than one structure. Evenson reported DEQ approved 4" instead of 6" for the line under the cabins, and the HOA and district agreement states any changes have to be approved by the district. Hanchett concurred. Lund shared he is concerned this would set a precedent for future non-conforming connections.

Montgomery continued sharing his recommendation was to reroute lines so they do not come together into a cross, enter with a Y instead of cross and upgrade 4" to a 6" (per drawing C) . Kincaid asked if this would alleviate adding the manhole, with Montgomery replying no, manhole would still be required. Discussion continued. Ms Edson asked how this is relevant to their request for will serve letter as they (HOA) are accepting responsibility. Lund asked for motion to approve the condo deviation. Kincaid asked if line has enough flow, and Montgomery said yes, the line has enough flow. Evenson asked if BMSD would accept the agreement between homeowner, if future maintenance and liability is deeded to the property owners. Hanchett asked if the attorney for the district will be reviewing the document. Ruoff made motion to approve the request with the deviation from DEQ along with the HOA agreement stating responsibility for all future maintenance and liability to remain the responsibility of the HOA, with Rich Gebhardt, attorney to review the HOA agreement and incorporating any edits he recommends; second by Carpenter. Motion carried with Lund voting NO.

Edson and Evenson asked the Board if they could get the signed will serve letter today, with the Board stating they need the HOA agreement to review before

they can sign the will serve. Hanchett responded the Board had been sent the HOA agreement via email several months ago. Edson agreed to get the BMSD Board a copy of the HOA right away so the will serve letter could be provided.

- 3872 Winter Lane (treehouse property) –
Montgomery reported his capacity analysis shows there is enough capacity to serve all three chalets, and there is capacity for peak flow. Montgomery's recommendation is to reroute the last 30 to 40' of this 4" main to the existing manhole in Gelande St. or install a new manhole at the existing connection so there is down stream access to maintain this 4" line. The concerns for 4" line serving more than one chalet are that jetting a 4" line is difficult and presents problems. Montgomery reported he spoke with A-1 and 4" line jetting is doable but they need downstream line access. Goodwin's representative reported currently the cleanouts are in the bottom of those treehouses, 35' of vertical height before a sink or drain. Goodwin representative continued these treehouses have been individually owned, but now will be sold as condos. Goodwin explained the HOA owns the property, and similar to the Edson property the HOA agreement is set up for the HOA to take all responsibility for future maintenance and liability. Goodwin's representative continued they are planning to reroute and connect to the current manhole in order to comply with Montgomery's recommendation, and the HOA would be responsible for maintenance. Lund asked if they are requesting the deviation, with the deal that the HOA is taking responsibility for all future liability. Goodwin's engineer stated the DEQ application has been made, they are just waiting on BMSD to provide the will serve letter to finalize the DEQ application. Riso asked for further explanation of the engineering calculations. Montgomery answered he is confident of the flow calculation, and the deviation will be to allow a 4" line instead of 6". Discussion followed with Halpin asking questions. Goodwin's engineer reiterated they are asking BMSD to allow the deviation from the 6" to a 4" line, with this line being moved to connect at the manhole, supplying the will serve letter, and pending DEQ approval - with the HOA agreement assuming all responsibility for future maintenance and liability for the lines. Ruoff made motion to allow the deviation request, with the HOA agreement assuming all future maintenance and liability for this line, with the HOA agreement to be reviewed and approved by Gebhardt, attorney Second by Kincaid, motion carried with Lund voting NO.
- 3868 Gelande –
Montgomery reported this project is in full compliance for the property. Goodwin stated she will need a will serve letter for DEQ. Discussion followed with Bales reminding the Board Goodwin had requested at our October 8, 2019 meeting to increase her EDU's to 7.14 EDU's based upon the increase to a 2" water line and meter (7.14 EDU is the engineered standard for a 2" meter), and to increasing the sewer line from 4" to 6" This request was approved on October 8, 2019. Goodwin's engineer pointed out this is a 6" service line, not a main extension. Ruoff made motion to provide the will serve letter for 3868 Gelande,

noting that they are in full compliance; second by Kincaid. Motion carried unanimously.

RECESS – President Lund called a five-minute recess at 10:55 a.m.

President Lund called meeting back to order at 11:08 a.m. Lund explained Boardmember Carpenter had to leave for an appointment. The remainder of the public audience, Workman, and Montgomery all left the meeting during the recess.

5. REVIEW OF MINUTES

- a. October 8, 2019
- b. October 29, 2019

Lund asked if there were any corrections or additions to the minutes. Kincaid made motion to approve the minutes from October 8 and October 29 as presented, second by Ruoff. Motion carried with Carpenter ABSENT.

6. FINANCIAL REVIEW

- a. Balance Sheet
- b. Income Statement
- c. Cash Flow
- d. City of Whitefish Usage/Fees
- e. Check Register
- f. Annual Financial Report for FY2019 has been filed
- g. 1099's for 2019 have been completed

Kincaid made motion to approve the financials as presented; second by Riso. Motion carried with Carpenter ABSENT.

7. OLD BUSINESS

- a. 3864 Gelande Street – Will Edson request for service (see above)
- b. 3868 Gelande Street – Gail Goodwin request for service (see above)
- c. 3872 Winter Lane – Gail Goodwin (see above)

Ruoff suggested BMSD consider passing along the cost for any engineering review on projects to the property owner. Discussion of how to monitor individual projects, full subdivisions, plans, fixture counts, etc. followed. Glades subdivision submitted for new property last spring – do we need to have PM review? Medicine Rock? Hanchett reported for Glades #4 WSI hired Carver Engineering to do inspections. Will Landmark be the same? After discussion of regulations it was decided that properties that go through design review prior to starting a project should be ok, as this is for both new construction and remodels. Hanchett stated when a project doesn't go through design review, for new and remodels is when we run into difficult situations -- Sub 1, Sub 2 and Elk Highlands are not subject to design review. Board suggestion was to send out notice to the HOA's that do not have design review and reminder that any new constructions, revisions, they need to notify BMSD, Further discussion followed regarding new subdivisions. Kincaid has Episcopo

and Landmark contacts. Ruoff will send Bales a draft letter to send out to the developers, and we will send out the new regulations adopted today. Discussion continued with Hanchett recommending sending projects to Montgomery for review on a case by case basis -- Sub 1 & Sub 2 are different, will require closer monitoring Elk Highlands is all SFR with regulations.

d. City of Whitefish – Sewer Agreement Update – Robert Lund

Craig Workman and Dana Smith will meet with Ruoff and Lund – probably Feb 10th. Jason may join in if available.

e. Maintenance Update – Jason Hanchett

Hanchett went through his Maintenance Handout which shows tasks completed. Routine lift maintenance was completed prior to snow this fall, manhole infiltration projects were completed, there is some topsoil and sod/grass work to be completed in the spring. Old manholes are being repaired or replaced. The ovalized pipe near base of chair 2 has been remedied with a new line. New insulation plugs have been installed in Northern Lights West #2 (where the SSO occurred last year). The plan for the next 6 months is to line up tv inspection in suspected infiltration areas. Hanchett continued he is ordering a new lift station pump to be installed in spring. This means Base Lodge will have two relatively new pumps (1 new/1 3 years old), Jumping Rainbow will have one new, and both lift stations have backup pumps mothballed in case they are needed. Hanchett shared he is trying to track down information for monitoring stations at Elk Highlands and Base Lodge/Boneyard, reminding the Board these were approved with the budget. Hanchett stated he would like to be able to look at flow from the computer to better monitor the flows. The Boneyard flow meter is giving us hiccups, and we have had the electrician out several times to work on it. Hanchett reported at this time he is looking at monitoring system for the flow, not a system for being able to bill. The Board thanked Hanchett for his report.

8. NEW BUSINESS

a. Pursuing grants for Big Mountain Sewer District – Paul Montgomery
(see above)

b. BMSD Board Elections – February 10 last day to file – 3 positions open (Riso, Ruoff, & Kincaid)

Lund reported three board positions are up for election this spring, Riso, Kincaid, and Ruoff). Ruoff stated he would like to have Gerhardt review and verify WSI representation on the Board with the Board concurring. Discussion followed, with Board members agreeing to let other BMSD residents know these positions were open. Bales will prepare a notice and ask Carpenter to post in the same locations we post notice of the meetings. Note – applications must be received by Flathead County by 5 p.m. February 10, 2020.

c. Hiring attorney – Richard Gebhardt

Ruoff made motion to hire Richard Gebhardt as the attorney of record for BMSD, second by Kincaid. Lund reported Gebhardt charges \$128 per hour for BMSD. Motion carried with Carpenter ABSENT.

d. Adoption of MT State Plumbing Codes

After discussion it was determined that Ruoff and Lund will discuss adopting the MT State Plumbing codes with Workman at that meeting in February, and they will report back to the Board at our next meeting.

e. Board/Emergency Phone List

Bales reported President Lund requested there be an emergency contact list for BMSD. Bales started the listing and asked the Board to verify/update their info. Once the information has been updated, Bales will send the emergency list out to the Board.

f. Plant Investment Fees

- i. 3868 Gelande Street \$20691.74 – Goodwin

9. WORK SESSION – Rate Study for FY2021

Bales explained to the BMSD Board how the spreadsheet using the rate parameters set by the Board at the October 29th Workshop were processed. Rates for 5/8", 3/4" & 1" meters will all be set at 1 EDU, unless it is a duplex, four-plex, townhome, or condo. These units will be charged at 1 EDU per living unit. Meter sizes larger than 1" – whether for single-family residence or other use type will be per the meter size using the engineered standard for meter size to EDU. Usage fees will be charged for usage above 5,000 gallons per month for 1 EDU, and pro-rated at 5,000 gallons per EDU for all larger meter sizes. Discussion followed regarding the overall charge for additional usage, EDU's, etc. Kincaid made motion to set the EDU's for 2021 using these parameters, second by Ruoff. Motion carried with Carpenter ABSENT. Bales explained the process will be to prepare a mailing list of all the property owners which she will begin working on, try to verify that properties are correctly assigned EDU's, and get ready for the required mailing to each property owner to meet the PSC regulations for rate increases. Bales continued the letter to property owners will have an example of the usage charge, etc. and it will be a group effort to create the public notice and letter. The Board concurred for Bales to start the background work to get ready for the mailing process. Bales will contact PSC to make sure we are meeting all their requirements. Bales asked the Board to help to review the assigned EDU's as they know the properties much better. Discussion followed regarding documentation of changes, timing, etc.

10. INFORMATIONAL CORRESPONDENCE (available for review from Administrative Manager)

- a. Servline – Running a Water System can be complicated
- b. Montana Rural Water Systems 2019 Fall/Winter Edition H2O-News-4-You
- c. Quikbooks Training
- d. Midwest Assistance Program Source Fall 2019
- e. How Artificial Intelligence can predict the quality of wastewater plant effluent
- f. Kobe Steak & Sushi advertisement
- g. City of Whitefish Stumptown Scoop – Winter 2019
- h. Montana Rural Water Systems – 2020 Member Directory

Meeting adjourned at 12:05 pm